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# Labour Account Australia methodology

Reference period March 2021

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## Introduction

The Australian Bureau of Statistics (ABS) produces a wide range of labour market statistics, derived from various sources, and designed to meet differing user needs. Forming an overall picture of the labour market from the variety of available datasets – that are compiled with differing scopes and purposes – can be challenging. The Australian Labour Account addresses this challenge by applying a conceptual framework and analysing a range of labour market data to produce a coherent and consistent set of aggregate labour market statistics. These statistics support macro-economic analyses of people's participation in paid employment and related production over time.

The ABS commenced publishing annual Australian Labour Account estimates in 2017, with an initial time series starting from 2010-11. In July 2018, the available information was

expanded to include quarterly estimates starting from September quarter 2010. In December 2019, historical Labour Account data was included that extended the quarterly time series to September 1994 and the annual series to 1994-95.

Currently the quarterly Labour Accounts are released approximately two months after the end of the reference quarter. Quarterly estimates are released in [time series spreadsheets \(/statistics/labour/employment-and-unemployment/labour-account-australia/mar-2021#data-download\)](https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-account-australia/mar-2021#data-download) with data available from September quarter 1994 onwards at an industry division level. The tables include estimates in original, seasonally adjusted and trend terms.

The annual (financial year) Labour Accounts are usually released around November of each year with data available in [ABS.Stat datasets \(/statistics/labour/employment-and-unemployment/labour-account-australia/latest-release#abs-stat-datasets\)](https://www.abs.gov.au/ABS.Stat/datasets(/statistics/labour/employment-and-unemployment/labour-account-australia/latest-release#abs-stat-datasets)). Annual estimates are available from 1994-95 onwards at the industry subdivision and division levels, and are produced in original terms only. Unbalanced tables are also available as original data only.

The concepts and definitions underlying the Australian Labour Account are built on International Labour Organisation (ILO) fundamentals and expand them to ensure consistency with the System of National Accounts (SNA08). The result provides a set of core macro-economic labour market variables derived through data integration, with both an industry focus and time series dimension. Descriptions of the underlying concepts of the Australian Labour Account, and the sources and methods used in compiling the estimates, are presented in [Australian Labour Account: Concepts, Sources and Methods \(https://abs.gov.au/AUSSTATS/abs@.nsf/mf/6150.0\)](https://abs.gov.au/AUSSTATS/abs@.nsf/mf/6150.0).

## Purpose

The ABS produces a range of labour market statistics to meet differing user needs for labour market information. The information produced as a result is comprehensive, however the varying outputs differ in source, scope, coverage, and methodology. This can make comparing and consolidating the various datasets challenging. Differing estimates may be available from a range of different sources, each with their own strengths and weaknesses.

The Labour Account confronts and integrates numerous labour market statistics to provide time series estimates of the number of employed people, jobs, hours worked and the income earned for each industry in one coherent framework. These estimates, conceptually aligned with the Australian System of National Accounts (ASNA), improve macro-economic analysis and forecasting.

## Scope

The scope of the Australian Labour Account is all enterprises resident within Australia's economic territory that are engaged in the production of goods and services, where that production falls within the scope of the National Accounts production boundary. The Labour Account relates to the employment of all people in jobs created by those enterprises. The scope of the Labour Account includes all people who contribute to Australian economic activity irrespective of their residency status.

An enterprise is a productive undertaking maintained and controlled by one or more households, corporations or "quasi-corporations" that are resident in Australia's economic territory. The goods and services produced by household-controlled enterprises solely for consumption by the household itself are excluded from the scope of the Australian Labour Account.

Australian economic territory includes all geographies under the control of the Australian Government, i.e. the Australian mainland, offshore islands, Antarctic territories, Australian embassies and military establishments in other countries, and Australia's exclusive maritime economic zone. It excludes foreign embassies and military establishments in Australia.

## Conceptual framework

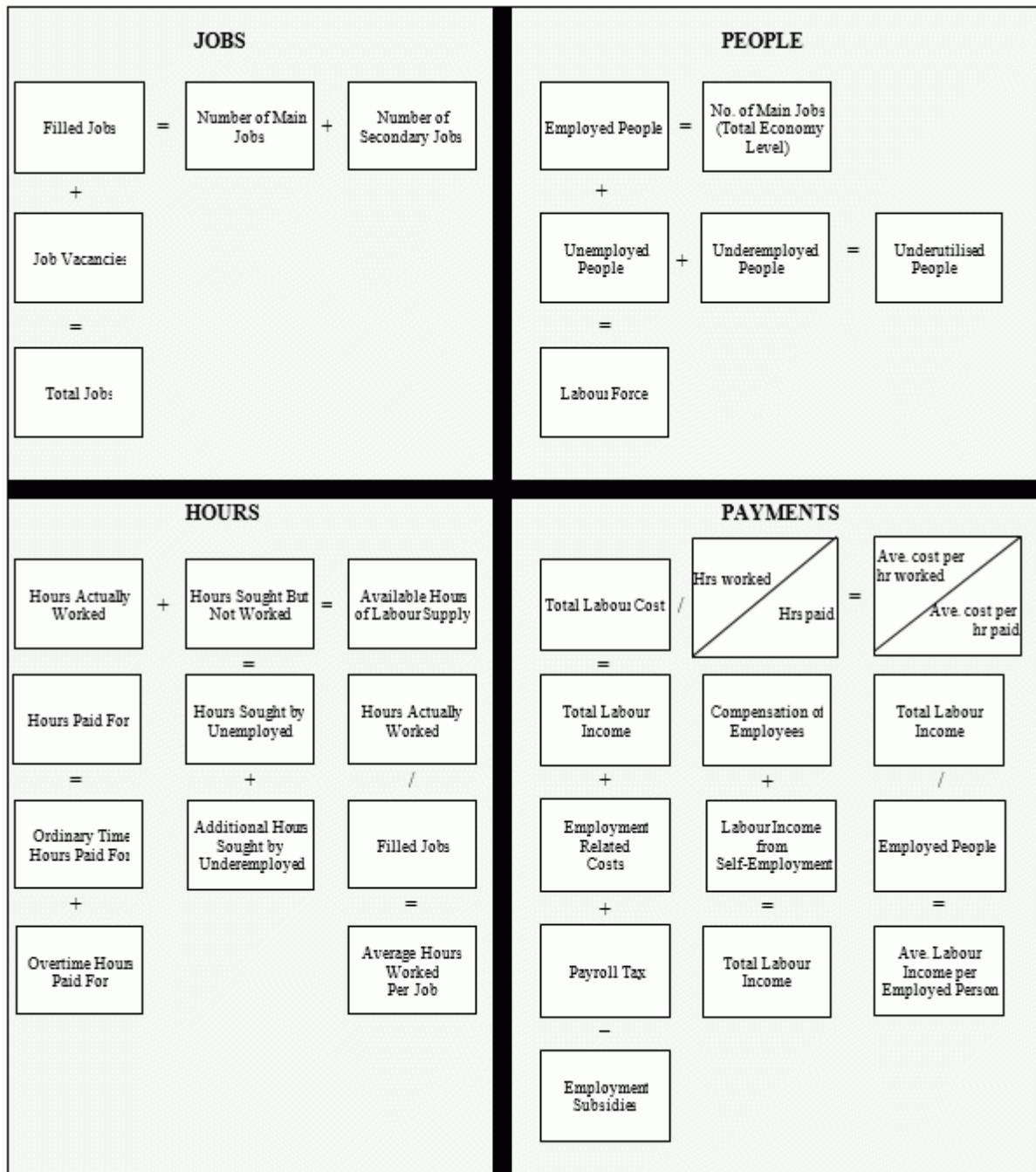
The Australian Labour Account framework incorporates labour input aggregates (people, jobs and hours) which describe supply and demand in the labour market, as well as labour related payments (as income and as costs). The framework has been designed to conceptually align with the ASNA framework to enhance compatibility with National Accounts and productivity estimates.

The Australian Labour Account framework has four quadrants:

- Jobs
- People
- Hours
- Payments

The four quadrants are linked by a set of identity relationships, which the aggregate statistics must satisfy. These identities are shown in the below diagram. Some relationships are direct, such as "employed people in the total economy" is equal to "the number of main jobs", while other relationships are considered indirect or derived, in that the relationship is based on an average or ratio measure such as average hours worked per job, or average labour income per employed person.

## Australian Labour Account - identity relationship diagram



## Sources

A variety of household, business and administrative source data are used to compile the Labour Account, including:

- Australian National Accounts: National Income, Expenditure and Product
- Quarterly Business Indicators Survey (QBIS)
- Economic Activity Survey (EAS)
- Survey of Employment and Earnings (SEE)

- Labour Force Survey (LFS)
- Survey of Employee Earnings and Hours (EEH)
- Linked Employer-Employee Database (LEED)

These sources, and others, are combined and confronted to address gaps, and identify and resolve inconsistencies in the data by drawing on the differing strengths of the data sources. Adjustments for scope and conceptual differences between data sources are applied in compiling the Labour Account.

## Concepts and Outputs

A brief summary of the concepts and outputs of the four Labour Account quadrants are as follows:

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### Jobs

In the context of the Australian Labour Account, a job is a set of production related tasks that can be assigned to and undertaken by a person, and for which they are usually, but not necessarily, remunerated either in cash or in kind.

The Jobs quadrant provides data on the number of jobs, both filled and vacant, including the number of main jobs and the number of secondary jobs.

### Balanced Labour Account estimates

Two interim estimates of jobs are produced in compiling the Labour Accounts: one sourced from business sources, and one from household survey sources.

Knowledge of the strengths and weaknesses of data sources and their methodologies is applied to derive a single balanced estimate of the number of filled jobs. In particular:

- Household estimates of numbers of filled jobs are considered more reliable at a total economy level. Household data are mainly sourced from the Labour Force Survey. Currently, individual business surveys are less complete in their coverage of the economy than the Labour Force Survey.
- Estimates of numbers of filled jobs sourced from businesses are considered more reliable in estimating the distribution of jobs across industries. The numbers of filled jobs reported by each business survey respondent are automatically coded to the industry classification of that business. This implies that labour input is more correctly linked to the related production, employment related costs and compensation. By contrast, job industry data collected in household surveys are generally less consistent and accurate.

While additional considerations are taken into account at the industry level, the published estimate of filled jobs generally balances the industry distribution derived from business

side data, within a total economy estimate sourced from household side data.

The resulting (balanced) Labour Account job estimates also subsequently feed into calculations of Labour Account estimates of numbers of employed people, hours paid for and hours worked.

### **Filled jobs (business sources)**

Filled jobs (business sources) is mainly based on summing estimates from two different business surveys: the Economic Activity Survey and the Survey of Employment and Earnings. Data from the Quarterly Business Indicators Survey is used to produce a quarterly distribution of business side data. The following adjustments are made to align the scope and coverage with the Labour Account framework:

- add the number of people employed in industries known to be excluded from primary business survey sources,
- add the number of people employed in the permanent defence forces,
- add the number of unpaid contributing family workers,
- add the number of child workers who do not work for an employer as they are excluded from business surveys, and
- subtract the number of people from specific industry subdivisions duplicated in primary sources to avoid double counting.

### **Filled jobs (household sources)**

Filled jobs (household sources) is based on the number of jobs held by people employed in main jobs and secondary jobs sourced from the Labour Force Survey (LFS). Scope adjustments made are similar to those made to filled jobs (business sources), to align the employed person estimates from the LFS with the production boundary and residency concepts from the Labour Account framework:

- add the number of people employed in the permanent defence forces,
- add the number of child workers,
- add the number of main jobs held by non-resident visitors to Australia,
- add the number of secondary jobs held by non-resident visitors, and
- subtract the number of jobs held by Australian residents working in Australia for overseas businesses or organisations.

### **Balancing**

After adjusting for known conceptual and scope differences, residual differences remain between the estimated number of filled jobs based on business sources and those derived from household sources. These residual differences are published as the "statistical discrepancy" and capture measurement errors and timing differences in the respective data sources.

In the balanced tables, separate business and household estimates have been replaced by a single “filled jobs” estimate. The harmonised, or “balanced”, filled job series are based on a more detailed industry by industry investigation of the underlying sources of measurement error.

## Outputs

The Jobs quadrant produces the following time-series estimates:

- Total and filled jobs
- Filled jobs by public and private sector
- Job vacancies
- Main and secondary jobs

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## People

The size of the labour force is a measure of the total number of people in Australia who are willing and able to work. It includes everyone who is working or actively looking and available for work — that is, the number of people either employed or unemployed.

There is not always a one-to-one relationship between jobs and people: a job can be vacant, or one person can have more than one job. Therefore, the number of jobs in an economy may be different to the number of people employed.

Industry estimates for unemployed people are based on the industry of last job worked (within the last two years) from the LFS, and do not necessarily equate to the industries in which unemployed people are currently seeking work. As such, care should be exercised when interpreting estimates of unemployed people (and therefore the total labour force) on an industry basis.

The number of employed people is adjusted proportionally based on adjustments to filled jobs, after taking account of the level of multiple job holding in the particular industry.

The LFS is the primary source for employment and unemployment data.

## Outputs

The People quadrant produces the following time-series estimates:

- Employed and unemployed people
- Labour force (total economy only)
- Main job-holding
- Multiple job-holding
- Underemployed

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## Hours

The Hours quadrant quantifies the hours of labour that are supplied by individuals (hours worked), and the hours of labour that are remunerated by enterprises (hours paid). Hours worked data have a direct link to National Accounts and productivity statistics, as they are measures of labour input used in the production of goods and services.

Measuring changes in the level of hours worked for different groups of employed people is important in order to monitor working and living conditions, as well as analysing economic cycles. Information on hours of work enables various analytical insights such as the classification of employed people into full-time and part-time status, the identification of underemployed people, and the creation of aggregate monthly hours worked estimates.

In compiling the hours quadrant, any adjustments made to filled jobs:

- on the household side have a corresponding adjustment to the number of hours worked, calculated by multiplying the adjustment to filled jobs by the average hours worked in each industry.
- on the business side have a corresponding adjustment to the number of hours paid for, calculated by multiplying the adjustment to filled jobs by the average hours paid for in each industry.

Further adjustments to hours estimates are also applied based on confrontation with data from other quadrants of the Labour Account.

The LFS is the primary source for hours worked data. Statistics relating to hours paid are based on business survey data from [Employee Earnings and Hours, Australia \(https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/employee-earnings-and-hours-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/employee-earnings-and-hours-australia/latest-release).

## Outputs

The Hours quadrant produces the following time-series estimates:

- Hours actually worked (per job and per employed person)
- Hours paid for (ordinary time and overtime)
- Hours not worked
- Hours sought but not worked

## Payments

The Payments quadrant accounts for the costs incurred by enterprises in employing labour and the incomes received by people from their labour provision. It can be described as the cost of labour, and reflects the interactions between jobs, people and labour volume (hours worked).

The measure of total labour costs is based on the concept of labour as a cost to employers and includes wages and salaries, employers' social contributions (typically superannuation and/or social insurance payments), and all other general employee costs borne by the employer such as training costs, use of recruitment services, payroll tax and so on. Any government subsidies, rebates or allowances for wage and salary payments paid to employees are deducted from employers' labour costs.

Payments data are primarily sourced from the Australian National Accounts.

## Outputs

The Payments quadrant produces the following time-series estimates:

- Labour income (per person and per hour)

- Labour costs (per job and per hour)
- Compensation of employees
- Other related costs to employers

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All Labour Accounts outputs are produced quarterly by industry division and annually by industry sub-division. Where 'Labour Account' is added as a prefix to a data item (e.g. 'Labour Account main job' and 'Labour Account secondary job'), this indicates an adjusted estimate rather than a direct estimate from the principal data source (such as the household Labour Force Survey). Unadjusted estimates in the Labour Account have a prefix added which reflects the principal data source (e.g. 'Labour Force Survey unemployed people').

## Measurement error

Measurement error is the cumulative impact of data error, including survey error and modelling error. Survey error includes both sampling error and non-sampling error. While every effort is made to minimise the impact of measurement error on Labour Account estimates through robust methods and data confrontation, some degree of measurement error is inherent and unavoidable.

Sampling error is the variability arising from the use of samples, rather than a complete enumeration of a population of businesses or households (i.e. a census). It refers to the difference between an estimate for a population based on data from a sample and the value for that population which would result if a census was conducted.

Non-sampling error is caused by factors other than those related to sampling error. Non-sampling error can happen at any stage of a survey and can occur in non-survey data sources. Non-sampling error includes missing data or misclassification. For example, error could occur in the industry classification of sponsored visa holders, or in the reported number of people in the permanent defence forces.

Modelling error includes errors in modelling assumptions. For example, the assumption that the proportion of children aged under 15 years who work has remained constant since 2006, or that QBIS employment movements accurately reflect quarterly change in the latest available annual data.

Data are not available for earlier periods of some series of the Australian Labour Account. Missing data have been estimated by applying movements, or proportional distribution, from a conceptually related series. Data estimated in this way are not considered to be as statistically robust as data based on observed and comparable survey estimates.

## Seasonal adjustment and trend estimation

Seasonal adjustment is a statistical technique that attempts to measure and remove the effects of systematic calendar related patterns, including seasonal variation, to reveal how a series changes from period to period. Seasonal adjustment does not aim to remove the irregular or non-seasonal influences, which may be present in a data series.

It is important to note that the methods used for seasonal adjustment in the Labour Account do not force the sum of the estimates for each quarter of a year to equal the original annual total.

For analysis of the underlying behaviour of the labour market using the Labour Account, the ABS recommends using trend estimates. These are produced using a statistical smoothing technique, in order to dampen the irregular element.

Since the June 2020 release, given the extent of change in the labour market during the COVID-19 period, the ABS has temporarily suspended trend series and moved from using “concurrent seasonal adjustment” to using “forward factors seasonal adjustment”. For more information, please refer to [Assessing the impact of Covid-19 on the Labour Account - Seasonal adjustment and trend estimation \(https://abs.gov.au/statistics/labour/employment-and-unemployment/labour-account-australia/jun-2020#assessing-the-impact-of-covid-19-on-the-labour-account\)](https://abs.gov.au/statistics/labour/employment-and-unemployment/labour-account-australia/jun-2020#assessing-the-impact-of-covid-19-on-the-labour-account).

For more information about ABS methods for deriving trend estimates and an analysis of the advantage of using them over alternative techniques for monitoring trends, see [Information Paper: A Guide to Interpreting Time Series - Monitoring Trends \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/1349.0\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/1349.0).

## Related information and Publications

- [Australian Labour Account: Concepts, Sources and Methods \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6150.0\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6150.0)
- [Australian National Accounts: National Income, Expenditure and Product \(/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release\)](https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release)
- [Australian National Accounts: Tourism Satellite Account \(/statistics/economy/national-accounts/australian-national-accounts-tourism-satellite-account/latest-release\)](https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-tourism-satellite-account/latest-release)
- [Australian System of National Accounts: Concepts, Sources and Methods \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5216.0Main+Features12015?OpenDocument\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5216.0Main+Features12015?OpenDocument)
- [Labour Force, Australia \(/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release)
- [Labour Statistics: Concepts, Sources and Methods \(https://www.abs.gov.au/ausstats\)](https://www.abs.gov.au/ausstats)

## Glossary

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### Show all

#### **Additional hours sought by underemployed**

Additional hours sought by underemployed refers to the number of additional hours part-time employed people would prefer to work and are available for, and the number of hours not worked by full-time employed people for economic reasons.

#### **Adjustments to employed people**

Adjustments to employed people are the additions and deductions made to align the scope of the Labour Force Survey with Australian System of National Accounts concepts of production and residency.

Additions are made for:

- people working in the permanent defence forces;
- non-residents (short term visitors) living in Australia and employed by Australian resident enterprises; and
- child workers.

Deductions are made for:

- Australian residents living in Australia employed by non-resident enterprises.

#### **Adjustments to hours actually worked in all jobs**

Adjustments to hours actually worked in all jobs are the additions and deductions made to hours worked to align the scope of the Labour Force Survey with Australian System of National Accounts concepts of production and residency.

Additions are made for hours worked by:

- non-residents (short term visitors) living in Australia and employed by Australian resident enterprises;
- child workers; and
- people working in the permanent defence forces.

Deductions are made for hours worked by:

- Australian residents living in Australia employed by non-resident enterprises.

### **Available hours of labour supply**

Available hours of labour supply refers to the total number of hours spent directly on and available to be spent on, and in relation to, productive activities. It is the aggregate of hours actually worked and hours preferred but not worked.

### **Average hours actually worked per job**

Average hours actually worked per job is the hours actually worked divided by the number of filled jobs.

### **Average labour cost per hour paid**

Average labour cost per hour paid is the total labour cost divided by hours paid for.

### **Average labour cost per hour worked**

Average labour cost per hour worked is the total labour cost divided by hours actually worked in all jobs.

### **Average labour income per employed person**

Average labour income per employed person is the total labour income divided by the number of employed people.

### **Compensation of employees**

Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee (SNA 2008, para 7.5, ASNA 11.6). It is the value of entitlements received by employees from employers for services rendered. It is further classified into two sub components: Wages and salaries and Employers' social contributions.

### **Contributing family workers**

Contributing family workers are people who work without pay in an enterprise operated by a relative.

### **Employees**

Employees are people who work for a public or private employer and receive remuneration in wages, salary, a retainer fee from their employer while working on a commission basis, tips, piece rates, or payment in kind. Employees are engaged under a contract of service (an employment contract) and take directions from their employer/supervisor/manager

/foreman on how work is performed.

## **Employers' social contributions**

Employers' social contributions are payments by employers which are intended to secure for their employees the entitlement to social benefits should certain events occur, or certain circumstances exist, that may adversely affect their employees' income or welfare - namely work related accidents and retirement.

## **Employment related costs to employers**

Employment related costs to employers relates to other costs attributed to employees, such as training costs and recruitment costs.

## **Employment subsidies**

Employment subsidies are payments made by government, typically to employers. They may be based on the size of the total workforce, the employment of particular types of people such as physically handicapped people or people who have been unemployed for long periods. These subsidies may also be intended to cover some or all of the costs of training schemes organised or financed by employers.

## **Filled jobs**

Filled jobs refer to all positions of employment that are currently filled (including self-employment). Filled jobs can be measured from either household sources (such as the Labour Force Survey), or business sources (such as the Economic Activity Survey).

## **Hours actually worked in all jobs**

Hours actually worked in all jobs includes:

- all time spent directly on, and in relation to, productive activities;
- down time;
- time spent in addition to hours worked during normal periods of work (including overtime);
- time spent at the place of work on activities such as the preparation of the workplace, repairs and maintenance, preparation and cleaning of tools, and the preparation of receipts, time sheets and reports;
- time spent at the place of work waiting or standing by due to machinery or process breakdown, accident, lack of supplies or power or internet access, etc.; and
- time corresponding to short rest periods (resting time) including tea and coffee breaks or prayer breaks.

Hours actually worked in all jobs excludes:

- hours paid for but not worked such as paid annual leave, public holidays or paid sick leave;
- meal breaks; and
- time spent on travel to and from work when no productive activity for the job is performed (even when paid by the employer).

For multiple job holders, actual hours worked includes the hours worked in all jobs.

### **Hours paid but not worked**

Hours paid but not worked refers to hours associated with paid leave, such as annual leave, paid public holidays, paid sick leave and other paid leave.

### **Hours paid for**

Hours paid for is the time for which payment has been received for award, standard or agreed hours of work (paid at normal or premium rates, in cash or in kind), regardless of whether the hours were actually worked or not.

Hours paid for:

- includes time paid but not worked such as paid annual leave, paid public holidays and certain absences such as paid sick leave; and
- excludes time worked but not paid by the employer, such as unpaid overtime, and absences that are not paid by the employer, such as unpaid educational leave or maternity leave that is paid through transfers by government from social security systems.

As such, hours paid for will differ from the number of hours actually worked if an employee works more or less hours than their paid hours. Hours paid for will also differ from usual hours in some cases, for example if an employee performs long hours in some weeks to have rostered days or weeks off. Hours paid for is the aggregate of ordinary time hours paid for and overtime hours paid for.

### **Hours sought but not worked**

Hours sought but not worked refers to the number of hours a person would prefer to work and is available to work beyond the usual hours they do work. It is the sum of hours sought (i.e. hours preferred) by unemployed people, and additional hours sought (i.e. additional hours preferred) by underemployed people.

### **Hours sought by unemployed**

Hours sought by unemployed refers to the number of hours an unemployed people would

prefer to work and is available for.

### **Hours worked but not paid**

Hours worked but not paid refers to unpaid hours worked. It is the time (hours) worked but not paid for by the employer, such as unpaid overtime, and absences that are not paid by the employer, such as unpaid educational leave or maternity leave that may be paid through transfers by government from social security systems.

### **Industry of last job held**

This is the industry of the last job held for unemployed people aged 15 years and over who worked more than two years ago.

### **Job**

A job is a set of production related tasks that can be assigned to and undertaken by a person, and for which they are usually, but not necessarily, remunerated either in money or in kind.

### **Job sharing**

A job with job sharing arrangements is a job that is filled by employing two or more people to share the responsibility and duties of the one position.

### **Job vacancy**

A job vacancy is an unfilled job that an employer intends to fill either immediately or in the near future. A job vacancy is considered to exist if an employer has taken concrete steps to find a suitable person to carry out a specific set of tasks and would have recruited (entered into a job contract with) such a person if she/he had been available.

Measures of job vacancies exclude:

- jobs not available for immediate filling;
- jobs for which no recruitment action has been taken;
- jobs of less than one day's duration;
- jobs only available to be filled by internal applicants within an organisation;
- jobs to be filled by employees returning from paid or unpaid leave, or after industrial disputes;
- vacancies for work to be carried out by contractors; and
- jobs for which a person has been appointed but has not yet commenced duty.

### **Labour Account**

Labour Account added as a prefix to a data item (e.g. Labour Account main job and Labour

Account secondary job) are indicative of statistical estimates made to address scope discrepancies between the principal data sources (such as the household Labour Force Survey) and the conceptual scope of the Australian Labour Account (the SNA 2008 production and residence boundaries). For example, the number of filled jobs reported in the Labour Force Survey is adjusted by adding estimates of jobs held by members of the permanent defence forces, child workers and short-term visa holders, and deducting an estimate of Australian residents employed by non-resident enterprises.

### **Labour Account employed people**

Labour Account employed people is the sum of all people engaged by Australian resident enterprises in economic activity within the System of National Accounts (SNA) production boundary.

### **Labour Account labour force**

The Labour Force, also referred to as the currently economically active population, is the aggregate of employed and unemployed people which gives a measure of the number of people contributing to, or actively looking and immediately available for, the supply of labour at a point in time. Labour Account labour force is the sum of Labour Account employed people and Labour Force Survey unemployed people.

### **Labour Account main job**

Labour Account main job is the main activity carried out by an employed person. In the Australian context, this is the job in which most hours are usually worked. An employed person can only have one main job.

### **Labour Account secondary job**

Labour Account secondary job is any job held by an employed person, other than their main job. A person can have multiple secondary jobs.

### **Labour Force Survey employed people**

Labour Force Survey employed people is the sum of all people, defined as employed in line with ILO guidelines and in ABS official employment statistics ([Labour Statistics: Concepts, Sources and Methods \(https://www.abs.gov.au/ausstats/abs@.nsf/mf/6102.0.55.001\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6102.0.55.001), cat. no. 6102.0.55.001).

An employed person must meet the following criteria:

- be aged 15 years and over; and
- be usually resident in Australia (i.e. not a short term visitor intending to stay in Australia

for less than 12 months in a 16 month period); and

- not be a member of the permanent defence forces of Australia, a foreign diplomat (or a dependant of a foreign diplomat ) or a member of a foreign military force stationed in Australia (or their dependant); and
- meet at least one of the following criteria during the Labour Force Survey reference week:
  - worked for one hour or more without pay in a family business or on a farm (contributing family workers); or
  - worked for one hour or more for pay, profit, commission or payment in kind, in a job or business or on a farm (Employees, Owner-Managers of Incorporated Enterprises (OMIEs), Self-employed people (Owner-Managers of Unincorporated Enterprises (OMUEs)) and contributing family workers); or
  - were owner managers who had a job, business or farm, but were not at work; or
  - had a job but were not at work and were:
    - away from work for less than four weeks up to the end of the reference week; or
    - away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week; or
    - away from work as a standard work or shift arrangement; or
    - on strike or locked out; or
    - on workers' compensation and expected to return to their job.

Members of the permanent defence forces, certain diplomatic personnel of overseas governments customarily excluded from census and estimated population counts, overseas residents in Australia, and members of non-Australian defence forces (and their dependents) stationed in Australia are excluded from the Labour Force Survey.

## **Labour Force Survey main job**

Labour Force Survey main job is the number of main jobs held by members of the usually resident civilian population aged 15 years and over. This is the official estimate of the number of main jobs derived from data collected in the household Labour Force Survey and published in [Labour Force, Australia \(<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>\)](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0) (cat. no. 6202.0).

## **Labour Force Survey not in the labour force**

Labour Force Survey not in the labour force comprises all people aged 15 years and over who are neither employed nor unemployed. They include people who perform home duties or care for children, are retired, voluntarily inactive and those permanently unable to work. Not all people who are classified as not in the labour force are voluntarily economically inactive; some want to work but are classified as not in the labour force because they do not

satisfy the criteria for unemployment (active job search and availability to start work).

### **Labour Force Survey secondary job**

Labour Force Survey secondary job is the number of secondary jobs held by members of the usually resident civilian population aged 15 years and over. This is the official estimate of the number of secondary jobs derived from data collected in the household Labour Force Survey.

### **Labour Force Survey underemployed people**

Labour Force Survey underemployed people reflects insufficient hours of work and where a person is willing and available to engage in additional hours of employment. International guidelines recognise underemployment in two forms: time related underemployment (people who would prefer more hours) and inadequate employment situations, which represents insufficient use of skills and experience; inadequate income; and excessive hours.

Time related underemployed people refer to part-time employed people who wanted to work more hours and were available to start work with more hours, either in the reference week or in the four weeks subsequent to the survey; or people employed full-time who worked part-time hours in the reference week for economic reasons. It is assumed that these people wanted to work full-time in the reference week and would have been available to do so.

Consistent with the Labour Force Survey, the Australian Labour Account only includes measures of time related underemployment.

### **Labour Force Survey underutilised people**

Labour Force Survey underutilised people encapsulates both unemployment and underemployment, and provides more comprehensive information on the state of labour market and measures the extent to which all available labour force resources are not being fully used in the economy.

### **Labour Force Survey unemployed people**

Labour Force unemployed people refers to people in the civilian usually resident population aged 15 years and over who are without work, actively seeking work and currently available for work. All three conditions must be satisfied for a person to be considered unemployed. For people waiting to start a new job they have already obtained, the active job search criterion is waived.

### **Labour income from self-employment**

Labour income from self-employment refers to the employment related income received by household members from self-employment. It consists of all payments and benefits in cash, kind or services, which are received, over a given reference period, by individuals for themselves or in respect of their family members, by virtue of their involvement in current or former self-employment jobs.

### **Ordinary time hours paid for**

Ordinary time hours paid for includes stand-by or reporting time hours which are part of standard hours of work, and hours of paid annual leave, paid sick leave and long service leave taken during the reference period. Ordinary time hours paid for at penalty rates (e.g. for shift work) are not converted to their ordinary time equivalent. This definition excludes any hours unpaid and overtime hours.

### **Owner-Managers of Incorporated Enterprises (OMIEs)**

Owner-Managers of Incorporated Enterprises (OMIEs) are people who operate their own incorporated enterprise with or without hiring employees.

### **Owner-Managers of Unincorporated Enterprises (OMUEs)**

Self-employed (Owner-Managers of Unincorporated Enterprises (OMUEs)) are people who operate their own unincorporated enterprise with or without hiring employees.

### **Paid overtime**

Paid overtime, otherwise known as overtime hours paid for, represents hours paid for in excess of award, standard or agreed hours of work, at both standard and penalty rates.

### **Payroll tax**

Payroll tax includes taxes payable by the employer on the wage and salary bill.

### **Proportion of secondary jobs**

The proportion of secondary jobs is calculated as total secondary jobs divided by total filled jobs.

### **Proportion of vacant jobs**

The proportion of vacant jobs is calculated as the number of job vacancies divided by the number of total jobs.

### **Rate of multiple job holding**

The rate of multiple job holding is calculated as the number of multiple job holders divided by the number of employed people. Since employed people in the Labour Account includes

all people employed in a particular industry (i.e. in their main job, in a secondary job, or in a combination of jobs), this rate provides a broader denominator for analysis of multiple job holding than the 'Ratio of multiple job holders'.

### **Ratio of multiple job holders**

The ratio of multiple job holders is calculated as the number of multiple job holders divided by the number of main job holders. This measure provides a narrower denominator for analysis of multiple job holding than the 'Rate of multiple job holding', and focuses on how many people in the industry of their main job also have a secondary job (which may or may not be in the same industry).

### **Residual (Payments quadrant)**

Residual in the Payments quadrant refers to the difference between 'total labour income' and 'total labour costs'. This is not a statistical discrepancy, and the two measures are similar but not conceptually identical.

### **Residual (Hours quadrant)**

Residual in the Hours quadrant refers to the difference between 'hours paid for' and 'hours worked'. This is not defined as a statistical discrepancy as there remains a data gap in terms of unpaid hours worked, and the two measures are similar but not conceptually identical.

This residual can provide an insight into labour market conditions. An industry in which the gap between hours paid for and hours worked is below the average for the economy as a whole is likely to be indicative of more casual employment arrangements, in which employees have less access to benefits such as paid recreation and sick leave. A reduction over time in the gap between hours paid for and hours worked could signal a tightening of labour market conditions or an increase in casualisation.

### **Secondary employment adjustment**

The secondary employment adjustment calculates the number of employed people who hold secondary jobs in each industry. It is calculated by excluding multiple job holding within the same industry, from the total number of filled jobs.

### **Statistical discrepancy**

The statistical discrepancy is equal to filled jobs from the demand side less filled jobs from the supply side, after addressing scope discrepancies. These two measures are, in principle, the same. The statistical discrepancy reflects measurement error associated with the source data.

### **Total jobs**

Total jobs refers to all positions of employment that are currently filled, or are vacant and could be filled. It is the aggregate of the number of filled jobs and the number of job vacancies.

### **Total labour costs**

Total labour costs refers to all costs incurred by the employer in the employment of labour. It is further classified into three sub components: Compensation of employees, labour income from self-employment and other labour related costs to employers.

### **Total labour income**

Total labour income refers to the employment related income received by households from all paid employment. It consists of all payments and benefits in cash, kind or services, which are received, over a given reference period, by individuals for themselves or in respect of their family members, by virtue of their involvement in current or former paid employment jobs.

### **Wages and salaries**

Wages and salaries (internationally referred to as earnings) relates to regular and irregular remuneration in cash and in kind paid to employees for time worked or work done together with remuneration for time not worked, such as annual vacation and other paid leave or holidays (ASNA 11.8).

Wages and salaries is further classified into two categories: wages and salaries paid in cash, and wages and salaries paid in kind. Conceptually wages and salaries excludes severance and termination pay, which, along with, sick leave payments; and payments for other forms of leave other than annual leave and long service leave should be classified as employers' social contributions as recommended by the SNA 2008. However, as data providers in Australia are unable to consistently differentiate between these various types of severance and leave payments, and other wage and salary payments, these payments are included in the Australian System of National Account estimates of wages and salaries. Fringe benefits taxes which are payable on income in kind provided to employees are included as part of wages and salaries and also included in income taxes payable by households.

Payments to members of the defence forces consist of salaries and allowances, attendance pay and the value of food, clothing, and travel supplied to permanent members, reserves and cadets. Deferred pay is included but war gratuities, which are regarded as social assistance benefits, are not.

Wages and salaries also include changes in provisions for future employee entitlements, such as provisions for long service leave.

Wages and salaries paid include the values of any social contributions (e.g. to superannuation funds), income taxes, etc., payable by the employee even if withheld by the employer for administrative convenience, such as direct payment to a superannuation fund or the Australian Taxation Office (ATO). Also included are penalty payments (e.g. overtime, hazardous work allowances), supplementary allowances such as housing and meal allowances (unless paid as social benefits), holiday pay, payment while on sick leave, bonuses, and commissions, tips and gratuities paid directly to the employee by a third party.

### **Wages and salaries paid in kind**

Wages and Salaries paid in kind covers the cost to an employer of goods and services which are provided to the employee, or to another member of the employee's household, free of charge or at a substantial discount, and which are clearly of benefit to the employee as a consumer. Examples include meals, housing, uniforms that can be worn away from work, vehicles available for personal use, goods and services produced by the employer enterprise, recreational facilities, transportation, car parking, child care, low interest loans and stock options. Some of these benefits may appear more like intermediate consumption, but are included in compensation of employees because, even though they are paid to attract employees, they are benefits that employees would often have to provide themselves.